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STATE OF MICHIGAN
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LANSING



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PUBLIC INSTRUCTION

**FISCAL YEAR 2004
CHILD AND ADULT CARE FOOD PROGRAM
OPERATIONAL MEMO #16**

TO: Child and Adult Care Food Program Institutions

FROM: Mary Ann Chartrand, Director
Grants Coordination and School Support

DATE: July 19, 2004

SUBJECT: **Medicare Prescription Drug Card**

Authorized by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), the prescription drug discount card provides Medicare beneficiaries with negotiated prices that should be lower than the regular price of prescription drugs. Additionally, from June to December 2004, Medicare is providing through the drug discount cards a \$600.00 subsidy ("transitional assistance") to Medicare beneficiaries whose incomes are not more than 135 percent of the poverty line and who do not have certain other drug coverage. An additional subsidy of up to \$600.00 will be provided in calendar year 2005.

Section 1860D-31(g)(6) of the Social Security Act, as amended by the MMA, states that the availability of negotiated prices or transitional assistance received through the prescription drug card "shall not be treated as benefits or otherwise taken into account in determining an individual's eligibility for, or the amount of benefits under, any other Federal program." Therefore, in accordance with the MMA and regulations issued by the Centers for Medicare and Medicaid Services, any subsidy that a household receives through the prescription drug discount cards program must not be treated as income in determining eligibility for free and reduced price meals under any of the Child Nutrition Programs.

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